

**NEW PASSENGER TERMINAL  
DULUTH INTERNATIONAL AIRPORT  
DULUTH, MINNESOTA**

**SECTION 01027 - APPLICATIONS  
FOR PAYMENT**

**PART 1 - GENERAL**

**1.1 RELATED DOCUMENTS**

- A. Drawings and general provisions of the Contract, including General and Supplementary Conditions and other Division 1 Specification Sections, apply to this Section.

**1.2 SUMMARY**

- A. This Section specifies administrative and procedural requirements governing the Contractor's Applications for Payment.
  - 1. Coordinate the Schedule of Values and Applications for Payment with the Contractor's Construction Schedule, Submittal Schedule, and List of Subcontracts.
- B. Related Sections: The following Sections contain requirements that relate to this Section.
  - 1. Schedules: The Contractor's Construction Schedule and Submittal Schedule are specified in Division 1 Section 01300 - SUBMITTALS.

**1.3 SCHEDULE OF VALUES**

- A. Coordination: Coordinate preparation of the Schedule of Values with preparation of the Contractor's Construction Schedule.
  - 1. Correlate line items in the Schedule of Values with other required administrative schedules and forms, including:
    - a. Contractor's Construction Schedule.
    - b. Application for Payment forms, including Continuation Sheets.
    - c. List of subcontractors.
    - d. Schedule of allowances.
    - e. Schedule of alternates.
    - f. Schedule of submittals.
  - 2. Submit 3 copies of the Schedule of Values to the Architect for approval at the earliest possible date but no later than 21 days before the date scheduled for submittal of the initial Applications for Payment.
  - 3. Subschedules: Where Work is separated into phases requiring separately phased payments, provide subschedules showing values correlated with each phase of payment.
- B. Format and Content: Use the Project Manual Table of Contents as a guide to establish the format for the Schedule of Values.
  - 1. Identification: Include the following Project identification on the Schedule of Values:
    - a. Project name and location.
    - b. Name of the Architect.
    - c. Project number.
    - d. Contractor's name and address.
    - e. Date of submittal.

2. Arrange the Schedule of Values in tabular form with separate columns to indicate the following for each item listed:
  - a. Related Specification Section or Division.
  - b. Description of Work/generic name of the item.
  - c. Name of subcontractor.
  - d. Name of manufacturer or fabricator.
  - e. Name of supplier.
  - f. Change Orders (numbers) that affect value.
  - g. Dollar value.
  - h. Percentage of Contract Sum to nearest one-hundredth percent, adjusted to total 100 percent.
3. Provide a breakdown of the Contract Sum in sufficient detail, acceptable to the Architect, to facilitate continued evaluation of Applications for Payment and progress reports. Break principal subcontract amounts down into several line items.
4. Round amounts to nearest whole dollar; the total shall equal the Contract Sum.
5. Provide a separate line item in the Schedule of Values for each part of the Work where Applications for Payment may include materials or equipment, purchased or fabricated and stored, but not yet installed.
  - a. Differentiate between items stored on-site and items stored off-site. Include requirements for insurance and bonded warehousing, if required.
6. Provide separate line items on the Schedule of Values for initial cost of the materials, for each subsequent stage of completion, and for total installed value of that part of the Work.
7. Margins of Cost: Show line items for indirect costs and margins on actual costs only when such items are listed individually in Applications for Payment. Each item in the Schedule of Values and Applications for Payment shall be complete. Include the total cost and proportionate share of general overhead and profit margin for each item.
  - a. Temporary facilities and other major cost items that are not direct cost of actual work-in-place may be shown either as separate line items in the Schedule of Values or distributed as general overhead expense, at the Contractor's option.
8. Schedule Updating: Update and resubmit the Schedule of Values prior to the next Applications for Payment when Change Orders or Construction Change Directives result in a change in the Contract Sum.

#### 1.4 APPLICATIONS FOR PAYMENT

- A. Each Application for Payment shall be consistent with previous applications and payments as certified by the Architect and paid for by the Owner.
  1. The initial Application for Payment, the Application for Payment at time of Substantial Completion, and the final Application for Payment involve additional requirements.
- B. Payment Application Times: The "date" for each progress payment is as indicated in the Owner-Contractor Agreement or, if none is indicated therein, it is the 25th day of each month. The period of construction work covered by each payment request is the period indicated in the Owner-Contractor agreement or, if none is indicated therein, starting the day following the end of the preceding period. Refer to General Conditions and other Contract Documents for other dates related to payment application times.

- C. Payment-Application Forms: Use AIA Document G702 and Continuation Sheets G703 as the form for Applications for Payment.
- D. Application Preparation: Complete every entry on the form. Include notarization and execution by a person authorized to sign legal documents on behalf of the Contractor. The Architect will return incomplete applications without action.
  - 1. Entries shall match data on the Schedule of Values and the Contractor's Construction Schedule. Use updated schedules if revisions were made.
  - 2. Include amounts of Change Orders and Construction Change Directives issued prior to the last day of the construction period covered by the application.
- E. Transmittal: Submit 5 signed and notarized original copies of each Application for Payment to the Architect by a method ensuring receipt within 24 hours. One copy shall be complete, including waivers of lien and similar attachments, when required.
  - 1. Transmit each copy with a transmittal form listing attachments and recording appropriate information related to the application, in a manner acceptable to the Architect.
- F. Waivers of Mechanics Lien: With each Application for Payment, submit waivers of mechanics liens from every entity who may lawfully be entitled to file a mechanics lien arising out of the Contract, including but not limited to subcontractors, sub-subcontractors and suppliers, for the construction period covered by the previous application.
  - 1. Submit partial waivers on each item for the amount requested, prior to deduction for retainage, on each item.
  - 2. When an application shows completion of an item, submit final or full waivers.
  - 3. The Owner reserves the right to designate which entities involved in the Work must submit waivers.
  - 4. Waiver Delays: Submit each Application for Payment with the Contractor's waiver of mechanics lien for the period of construction covered by the application.
    - a. Submit final Applications for Payment with or preceded by final waivers from every entity involved with performance of the Work covered by the application who is lawfully entitled to a lien.
  - 5. Waiver Forms: Submit waivers of lien on forms and executed in a manner acceptable to Owner.
- G. Initial Application for Payment: Administrative actions and submittals, that must precede or coincide with submittal of the first Application for Payment, include the following:
  - 1. List of subcontractors.
  - 2. List of principal suppliers and fabricators.
  - 3. Schedule of Values.
  - 4. Contractor's Construction Schedule (preliminary if not final).
  - 5. Schedule of principal products.
  - 6. Schedule of unit prices.
  - 7. Submittal Schedule (preliminary if not final).
  - 8. List of Contractor's staff assignments.
  - 9. List of Contractor's principal consultants.
  - 10. Copies of building permits.
  - 11. Copies of authorizations and licenses from governing authorities for performance of the Work.

12. Certificates of insurance and insurance policies.
  13. Performance and payment bonds.
  14. Data needed to acquire the Owner's insurance.
  15. Initial settlement survey and damage report, if required.
- H. Application for Payment at Substantial Completion: Following issuance of the Certificate of Substantial Completion, submit an Application for Payment.
1. This application shall reflect any Certificates of Partial Substantial Completion issued previously for Owner occupancy of designated portions of the Work.
  2. Administrative actions and submittals that shall precede or coincide with this application include:
    - a. Occupancy permits and similar approvals or certifications by governing authorities, assuring Owner's full access and use of the completed work.
    - b. Warranties (guarantees) and maintenance agreements.
    - c. Test/adjust/balance records.
    - d. Maintenance instructions.
    - e. Meter readings.
    - f. Start-up performance reports.
    - g. Change-over information related to Owner's occupancy, use, operation, and maintenance.
    - h. Final cleaning.
    - i. Application for reduction of retainage and consent of surety.
    - j. Advice on shifting insurance coverages, including proof of extended coverages as required.
    - k. Final progress photographs.
    - l. List of incomplete Work recognized to be completed by the Contractor, as exceptions to Architect's Certificate of Substantial Completion.
- I. Final Payment Application: Administrative actions and submittals that must precede or coincide with submittal of the final Application for Payment include the following:
1. Completion of Project closeout requirements.
  2. Completion of items specified for payment application at time of Substantial Completion (regardless of whether such application was made).
  3. Assurance, satisfactory to Owner, that unsettled claims will be settled and that work not actually completed or accepted will be completed without undue delay.
  4. Transmittal of required Project construction records to the Owner.
  5. Certified property survey.
  6. Proof, satisfactory to Owner, that taxes, fees, and similar obligations of the Contractor have been paid.
  7. Removal of temporary facilities and services.
  8. Removal of surplus materials, rubbish, and similar elements.
  9. Change of door locks and other Contractor access to Owner's property.
  10. Consent of Surety for Final Payment.

PART 2 - PRODUCTS (Not Applicable)

PART 3 - EXECUTION (Not Applicable)

END OF SECTION 01027